

BUDGET MONITORING 2015/16 Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendation: That the position based on Month 8 be noted.

1. Introduction

1.1. This report outlines the financial position and forecast for the Authority at month 8 of the financial year.

2. Revenue Expenditure People Services

2.1. The current forecast for People is an overspend of £7.3 million, which is a reduction of £1.8 million since the month 6 report. This reflects active management from that month as savings plans have been identified across all People services.

2.2. The savings include managing vacancies, better utilisation of block contracts, taking advantage of underspending from the Better Care Fund in agreement with partners and the effects of delay in price rises in adult social care.

2.3 Each part of People has contributed to the reduction in overspend as follows: Childrens Social Work and Child Protection £157,000; Education and Learning £224,000; Social Care Commissioning £554,000 and Adult Social Care £876,000.

2.3. Generally the pressures of spending in Children's Social Care now appear to have plateaued, with the number of children in care changing little for several months (at the end of November there were 691 children in care, which is the same as at the end of August). Perhaps more importantly there have been reductions in recent weeks in the average cost of a child in care, although it is too early to be sure that this will be sustained due to the volatility of the cost of individual placements. The number of agency workers and the total number of social workers has been reduced where it is safe to do so. The levels now are expected to remain fairly stable until the end of the year.

3. Revenue Expenditure Place Services

3.1. Place Services indicates an underspend of £0.5 million, compared to a balanced position at month 6.

3.2. Highways and Traffic Management position remains unchanged with an underspend at £730,000 as reported previously. However, this position may change if significant storms or adverse weather conditions are experienced. Indications are that the relatively benign weather will continue for the next month.

3.3. Capital Development and Waste Disposal's forecast overspend has fallen by £169,000, largely the result of works not being required for 2015/16 to ensure compliance with PAS 100 British Standard for composted materials.

3.4. Planning, Transportation and Environment's underspend is anticipated to increase by £145,000 mainly from salary savings together with £100,000 underspend for flooding

works which will be subject to a carry forward request at the year end. Economy & Enterprise's previously reported overspend is now forecast as an underspend of £85,000, being a movement of £198,000 since month 6 from increased income relating to a underspend on the Community Impact Budget which will be the subject of a carry forward request at the year end.

3.5. Services for Communities underspend forecast remains at £184,000 as previously reported.

4. Revenue Expenditure Corporate Services and Other Items

4.1. An underspend of £1.4 million is forecast in respect of Corporate Services, representing an increase of £227,000 from the previous report. The County Solicitor's underspend has increased by £127,000, due to negotiation of mortuary costs, increased income from ceremonies and vacancy savings. Business Strategy and Support underspend has increased by £70,000, mainly arising from savings related to energy charges, contract savings and vacancy savings. Treasurer's Services underspend forecast has increased by £46,000 from vacancy savings and increased income whilst the Human Resources forecast underspend has reduced by £16,000 arising from delayed HR Change Programme issues.

4.2. At month 6, non-service revenue budget lines forecast underspend totalling £3.6 million and this remains at month 8. An opportunity exists to account for Capital Financing Charges on an amended basis. This will provide a substantial in-year cost saving of £9.5 million which will be applied to the Outturn position. Other local authorities have or are implementing similar accounting changes and proposals will be contained within the Treasury Management report to Corporate Services Scrutiny Committee in January 2016.

5. Capital Expenditure

5.1. The approved capital planning level for the Council is £172.4 million. Spending at month 8 totalled £71.0 million and forecast capital outturn is £142.6 million. Those schemes identified within the month 6 report, providing the main areas of slippage remain, namely Devon and Somerset Broadband, Bridge Road, Ivybridge Recycling Centre, Portmore Roundabout and Tithebarn Lane Cycle Bridge.

6. Debt Over 3 Months Old

6.1. Corporate debt stood at £2.4 million, being 1.4% of the annual value of invoices and below the annual target of 1.9%. This indicates a reduction from the month 6 value of £500,000 and it is anticipated that the year-end debt position will be significantly lower than the annual target, in line with previous year's outturn.

7. Conclusion

7.1. The forecast revenue overspend has reduced since month 6 by £2.7 million, from £4.5 million to £1.8 million. This is welcome news but pressure remains on all Services to reduce expenditure or increase income through to the year end.

Mary Davis
County Treasurer

Electoral Divisions: All

Cabinet Member: Councillor John Clatworthy

Local Government Act 1972: List of Background Papers

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